

Message Text

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SUBJECT: MEETING OF WORKING PARTY 1 OF THE INDUSTRY
COMMITTEE ON MULTINATIONAL ENTERPRISES, JAN
8-9, 1976

REFS: A. IND/WP1/A(75)\$; B. DSTI/IND1/75.21
C. DSTI/IND1/75.22; D. DSTI/IND1/75.20

1. SUMMARY: BECAUSE OF RELATIVELY THIN AGENDA (REF A),
WP CONTINUED DISCUSSION ON COUNTRY POLICIES TOWARD MNES
AND ALSO CONSIDERED AVAILABILITY OF DATA PREVIOUSLY
REQUESTED BY SECRETARIAT FOR USE IN FUTURE STUDIES.
END SUMMARY.

2. COUNTRY STATEMENTS ON MNE POLICES:

US DELEGATE LED OFF DISCUSSION BY REVIEWING PRESENT
US POLICY IN REGARD TO FOREIGN DIRECT INVESTMENT AS
ONE OF ESSENTIALLY FAVORING SUCH INVESTMENT. ALSO
SUMMARIZED PRELIMINARY FINDINGS OF INTERIM REPORTS TO
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CONGRESS ON FOREIGN DIRECT AND PORTFOLIO INVESTMENTS.

REPORT WELCOMED BY WP AND CHAIRMAN SUGGESTED SUCH REPORTS BE MADE PERMANENT FEATURE OF FUTURE MEETINGS.

OTHER REPORTS INCLUDED STATEMENTS BY FRENCH DELEGATE WHO INDICATED NO NEW POLICY CHANGES BUT STRESSED THE IMPORTANT ROLE OF CONCENTRATION IN CERTAIN KEY SECTORS. CANADIAN DELEGATE REVIEWED WORK OF FIRA AND RECENT EXTENSIONS OF ACT TO INCLUDE REVIEWS OF NEW INVESTMENTS BY ESTABLISHED FIRMS INTO SAME OR RELATED FIELDS OF ACTIVITY. NORWAY REPORTED THAT GOVERNMENT POLICY IS TO USE OIL INCOME TO BUY OUT FOREIGN HOLDINGS ALTHOUGH HE INSISTED THAT NORWAY STILL FAVORED FOREIGN INVESTMENT. SWEDEN AND GERMANY REPORTED NO NEW POLICY CHANGES, ALTHOUGH SWEDES MENTIONED STUDY ON MNES NOW UNDERWAY.

3. DATA ON IMPACT OF MNES ON INDUSTRIAL STRUCTURES.

WP REVIEWED REPORTS RECEIVED IN RESPONSE TO EARLIER REQUEST. (REF B). SECRETARIAT REPORTED THAT RESPONSES WERE INADEQUATE AND THUS USEFUL TABULAR SUMMARIES COULD NOT BE PREPARED. US DELEGATE EXPLAINED THAT DATA ON OUTPUT, LABOR FORCE AND ENTERPRISES COULD POSSIBLY BE FURNISHED AFTER COMPLETION OF BENCHMARK SURVEY BUT NOTED DATA WOULD BE FOR 1974 ONLY AND BE AVAILABLE ONLY AS AGGREGATES. OTHER COUNTRIES ALSO INDICATED REPORTING PROBLEMS. CHAIRMAN URGED DELEGATIONS TO TRY ON BEST EFFORTS BASIS TO FURNISH DATA TO SECRETARIAT SO IT MIGHT PREPARE REPORT FOR NEXT INDUSTRY COMMITTEE MEETING AND PERHAPS FORWARD DATA TO IME. SECRETARIAT AGREED TO UK SUGGESTION, SUPPORTED BY US, TO FORWARD REPORT TO CAPITALS FOR REVIEW BEFORE FINALIZING REPORT.

4. REPORT ON PENETRATION AND CONCENTRATION OF MNES IN INDUSTRIAL SECTORS.

A PROLONGED DISCUSSION ENSUED ON SECRETARIAT PAPER (REF C) OUTLINING SUBSTANCE OF SUBJECT STUDY, WHICH UNCLASSIFIED

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PART OF WORK PROGRAM. DOCUMENT CLEARLY AMBITIOUS AND GIVEN NATURE OF DATA AVAILABILITY, IS UNLIKELY TO FULFILL SECRETARIAT'S EXPECTATIONS. RESPONSES TO PRIOR REQUEST FOR DATA VERY SPOTTY. US DELEGATE, IN COMMENTING ON THE OUTLINE, EXPRESSED DOUBTS AS TO PRACTICABILITY OF ATTEMPTING TO DO TOO MUCH AND SUGGESTED SCALING BACK STUDY TO WHAT IS PRACTICABLE. SUGGESTED THAT STUDY FIRST ATTEMPT TO DISCOVER SCOPE

OF DATA AVAILABILITY AND THEN PLAN ANALYTICAL ASPECTS OF STUDY. ALSO POINTED TO DYNAMIC ASPECT OF INTERNATIONAL INVESTMENT PROCESS AND QUESTIONED UTILITY OF SECRETARIAT METHODOLOGY IN ACHIEVING USEFUL RESULT. IN REGARD TO US CONTRIBUTION, US DELEGATE INDICATED THAT IT IS UNCERTAIN WHAT WE COULD PROVIDE UNTIL SECRETARIAT PAPER WAS FIRST REVIEWED IN WASHINGTON. POINTED OUT FURTHER THAT US DOES NOT SEPARATE DOMESTIC FROM FOREIGN INVESTMENT (ALSO TRUE FOR GERMANY AND NETHERLANDS) AND THIS WOULD BE PROBLEM IN ANY CASE. THOUGHT HOWEVER THAT BENCHMARK STUDY MIGHT PROVIDE SOME DATA. US SENTIMENTS ECHOED BY CANADIANS, GERMANS AND NETHERLANDS DELEGATES. OTHERS QUESTIONED AIM OF STUDY. FRENCH, HOWEVER, SUPPORTED STUDY PLAN. IN SUMMING UP DISCUSSION, CHAIRMAN ADOPTED STEP-BY-STEP APPROACH. RECOMMENDED THAT SECRETARIAT REDRAFT REPORT ON BASIS OF COMMENTS MADE AND SENT IT TO HOME CAPITALS IN ADVANCE OF NEXT MEETING SO THAT DISCUSSION COULD BE MORE FOCUSED.

5. OTHER BUSINESS

WORKING PARTY DEALT BRIEFLY WITH SECRETARIAT REPORT ON "PUBLICATION OF INFORMATION BY ENTERPRISES" (REF B). IT WAS AGREED TO REQUEST CAPITALS FOR ADDITIONAL INFORMATION RE VOLUNTARY PUBLICATION OF DATA BY ENTERPRISES BY FEB 10. HOPE TO PREPARE REPORT FOR INDUSTRY COMMITTEE MEETING IN MARCH FOR SUBMISSION TO IME FOR ITS INFORMATION.

WORKING PARTY BRIEFLY DISCUSSED FEASIBILITY OF PROPOSAL AT LEAST MEETING FOR A MEETING WITH BIAC AND TUAC ON INFORMATION QUESTIONS. IT WAS AGREED TO POST-UNCLASSIFIED

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PONE SUCH MEETINGS IN VIEW OF RECENT IME MEETINGS WITH BOTH BODIES.

6. NEXT MEETING.

AGREED TO HOLD 3-DAY MEETING JULY 6-8 TO ALLOW MORE TIME FOR PREPARATION OF DOCUMENTATION AND TO ASSESS OUTCOME OF INDUSTRY COMMITTEE, OECD COUNCIL AND IME MEETINGS, WHOSE DISCUSSIONS WP FEELS WILL HAVE DIRECT BEARING ON ITS OWN FUTURE WORK RE MNES.
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